

Congress of the United States  
CONGRESSIONAL OVERSIGHT PANEL

# Opening Statement of Richard Neiman

## Congressional Oversight Panel Hearing on TARP and Foreclosure Mitigation Programs

October 27, 2010

Ms. Caldwell, you and the Department of Treasury deserve substantial credit for pushing an industry towards mortgage modifications and preventing avoidable foreclosures when that industry failed to appropriately act. In this way, Treasury's HAMP program has shown great potential. Thanks to your work, we have a new industry standard that has kept more people in their homes than otherwise would have been able – certainly more than HAMP's monthly reports demonstrate on their own.

But to be frank, it has been a major disappointment that the public and this Panel have no way of meaningfully measuring success pertaining to the alternative non-HAMP mortgage modifications that Treasury points to in defense of HAMP. The available sources of data are simply inadequate for anyone to meaningfully determine that these non-HAMP modifications are indeed successfully helping people.

HAMP's metrics on their own – and people in Treasury have publicly stated this – have fallen far short of our hopes. We now have nearly 700,000 families who have been kicked out of HAMP's trial modifications, which is far more than the 500,000 families who remain in the program with long-term modifications. The future also looks somewhat bleak. The number of new homeowners entering the program each month is now near its lowest point, and there have been more than enough re-defaults after a long-term modification has successfully occurred to raise serious question.

This may be our last hearing on Treasury's foreclosure mitigation initiatives, so it is not just critical that we help the public fully understand HAMP's successes and failures, but we must also get the bottom of the bigger question: Is HAMP really the best the government can do to demonstrate a way forward?

Ms. Caldwell knows better than anyone that unemployment and deep negative equity have been driving foreclosures in a manner that HAMP simply cannot address. And these forces will continue to hit families hard. Treasury announced several new unemployment and negative equity initiatives in response. But again it is disappointing that, six months later, the public still has no meaningful way to ascertain how these new initiatives are performing.

As a final matter, I intend to explore with all of our witnesses the issue of confidence. Given many of the mortgage servicers' poor track record of errors, including losing homeowners' submitted documents, how do we continue to look homeowners in the eye and ask them to continue to work with their servicers given the latest news pertaining to robo-signings? The servicers, at a minimum, now have an even high burden of proof in demonstrating that they are serious about their stated efforts to work with American families.

## **Congressional Oversight Panel**

I am grateful to you for being here today Ms. Caldwell, and want to thank you and highlight not just your service at Treasury but throughout a long career of work for the underserved. I also very much look forward to speaking with our five other knowledgeable witnesses today.